

Audit Committee

Date: Wednesday, 28 September 2022

Time: 10:00

Venue: Flensburg Room

Present: Councillor Pamela Birks, Councillor Jeffrey Bomford, Councillor Mrs Christine Finlayson, Councillor Neville Lishman, Councillor Mrs Linda Mitchell, Councillor Lucy Patrick

Also Present: Mr Kelly Key Audit Partner, Grant Thornton
Councillor Ellis, Finance, Governance and Resources Portfolio Holder

Officers: Corporate Director of Governance and Regulatory Services
Corporate Director of Finance and Resources
Head of Financial Services (Deputy S.151)
Audit Services Manager

AUC.43/22 APOLOGIES FOR ABSENCE

No apologies for absence were submitted.

AUC.44/22 DECLARATIONS OF INTEREST

There were no declarations of interest submitted.

AUC.45/22 PUBLIC AND PRESS

It was agreed that the items in Part A be dealt with in public and the items in private be dealt with in Part B.

AUC.46/22 MINUTES OF PREVIOUS MEETINGS

A Member reminded officers of the Committee's recommendation to have an informal briefing on the Asset Register and Asset Disposal Plan and asked that this be arranged as soon as possible.

RESOLVED - That the minutes of the meetings held on 8 July and 27 July 2022 be approved.

AUC.47/22 AGENDA

RESOLVED - That agenda item A.1 be considered as the last item on the agenda.

AUC.48/22 INTERNAL AUDIT PROGRESS 2022/23 (JULY-SEPTEMBER)

The Audit Services Manager submitted report RD.34/22 providing an overview of the work carried out by internal audit between July and September 2022.

The Audit Services Manager reported that 41% of planned reviews had been finalised to draft and a further 24% were underway, indicating good progress against the audit plan. Two planned pieces of work had been finalised in the period; Absence Management (follow up) received a reasonable assurance level and the Annual Governance Statement / Good Governance Principles contributed towards the content of the 2021/22 Annual Governance Statement.

The Committee discussed the increase in the implementation of recommendations following the actions taken by SMT as a result of a recommendation from the Committee. The Committee agreed that further work should be undertaken to identify areas of concern and work with managers to address the issues and implement the recommendations.

RESOLVED - That the Audit Committee:

- i) noted the progress against the Audit Plan for 2022/23 (RD.34/22);
- ii) received the final audit assignments as outlined in paragraph 2.3;
- iii) noted the progress made on audit recommendations to date outlined in Appendix B.
- iv) that the Audit Services Manager identify service areas where recommendations were not being implemented and work with service managers to address the issues.

AUC.49/22 INTERNAL AUDIT REPORT – ABSENCE MANAGEMENT (FOLLOW-UP)

The Audit Services Manager submitted the Absence Management Internal Audit follow up report (RD.34/22).

The Audit Services Manager reported that a follow-up audit of Absence Management had been undertaken by Internal Audit in line with the agreed Internal Audit plan for 2022/23. The original audit was reported in September 2020, giving partial assurances and 13 recommendations (4 high-graded). The follow-up review performed in 2021/22 (Appendix A) indicated suitable progress was made in this area and provided reasonable assurances and includes 3 medium-graded recommendations.

RESOLVED - That the Internal Audit Report - Absence Management (follow up) report be received (RD.34/22).

AUC.50/22 TREASURY MANAGEMENT - APRIL TO JUNE 2022

The Head of Financial Services (Deputy S.151) submitted the regular quarterly summary of Treasury Management transaction for the first quarter of 2022/23 (RD.33/22).

A full schedule of investment transactions was set out in Appendix A2 with, Appendix A3 showing outstanding investments at end of June 2022. The weighted average return achieved on all investments as at the end of June was 1.42%.

The Head of Financial Services (Deputy S.151) drew Members' attention to the table at Section 5 which depicted performance on treasury management budget to the end of June 2022. Interest receivable was in line with current budget expectations.

The dividends received from the property fund had maintained an income of approximately £32,000 per quarter. The yield to the end of June was 3.09%. The valuation of the investment at the end of June was £4,068,820.

RESOLVED – That the Treasury Management : April to June 2022 report be noted (RD.33/22)

AUC.51/22 TREASURY MANAGEMENT PRACTICES - TMPs

The Head of Financial Services (Deputy S.151) provided the updated Treasury Management Practices (TMPs) following changes made to the Treasury Management Code of Practice and the Prudential Code (RD.37/22).

The Head of Financial Services (Deputy S.151) stated that the report provided the Committee with assurances that the changes had been made to the relevant TMPs to ensure that they were in line with the relevant code of practice and were relevant for the Council in terms of operational capacity. The updated TMPs were attached to the report and section 1.4 of the report detailed the main changes.

RESOLVED - That the Audit Committee noted the update to the Treasury management Practices used by the City Council (RD.37/22)

AUC.52/22 TECHNICAL UPDATE AND CONSULTATIONS

The Head of Financial Services (Deputy S.151) provided an update on technical issues and consultations on financial and auditing matter of relevance to the Council (RD.36/22).

The report set out the open and forthcoming consultation and closed consultations; Local audit Framework (Technical Consultation) questions; IFRS9; Proposed Changes to Revenue and Capital Data Collections; 2023/24 Code of Practice; Financial Management Code; and CIPFA Publication - Internal Audit Untapped Potential.

In response to a question regarding the IFRS9 Consultation the Head of Financial Services (S.151) explained that it was uncertain if the statutory override would be extended. The removal of the override would have a significant impact on the budgets of local authorities.

RESOLVED - That the update on consultations and technical issues be noted (RD.36/22)

AUC.53/22 EFFECTIVENESS REVIEW OF THE AUDIT COMMITTEE – TRAINING PROGRAMME

The Corporate Director of Finance and Resources provided an update on the Effectiveness Review that was undertaken in 2020 and subsequent training needs analysis undertaken in 2021 (RD.38/22).

The Corporate Director of Finance and Resources reminded the Committee that two effectiveness reviews of the Audit Committee had been undertaken in recent years, both in line with the CIPFA Guidance for Local Authority's Audit Committees. The first was undertaken on 19th April 2016 with an external facilitator, with the second being held on 12th October 2020, facilitated by internal officers.

The action plan was prepared following the 2020 review and was attached at Appendix A, along with progress made against each action. The report focused on actions C1 and C2 in terms of the results of the self-assessment survey completed by Members in 2021, and the proposed

training programme as a result.

The Committee discussed the proposed training plan, commenting that they felt face to face training was most beneficial. They asked that subject specific training be carried out prior to an Audit Committee. In terms of future training Members asked that an Audit Induction be provided for Members of the Cumberland Council prior to the appointment of committee membership.

The Committee asked that the Corporate Director of Finance and Resources devise a timetable of proposed training based on the agenda items that the Committee would have at their future meetings. The training plan should include training on Local Code of Corporate Governance & Annual Governance Statement and Financial Management & Accountancy.

RESOLVED - That the Audit Committee:

- i) noted the results of the review; and progress made against the action plan (RD.38/22); and
- ii) commented upon and approved the training programme for the remainder of 2022/23.

AUC.54/22 EXTERNAL AUDITOR'S PROGRESS REPORT AND SECTOR UPDATE

The Key Audit Partner, Grant Thornton submitted the external auditor's progress report and sector update.

The Key Audit Partner provided a verbal update on the progress being made on the 2021/22 audit and the Value For Money work which was due to be completed in December. The 2022/23 audit would be completed and signed off after Vesting day, any recommendations made in that audit would be future proofed to take forward into Cumberland Council.

The Key Audit Partner reminded the Committee that the City Council had signed up to PSAA who appointed Local Authority External Auditors. Grant Thornton had tendered with PSAA and the outcome would be reported to a future meeting of the Committee.

Referring to the Local Government Reorganisation, the Corporate Director of Finance and Resources explained that there were several work packages which dealt with the finances of each of the sovereign Councils and how they would be audited, signed off and merged into one budget for the Cumberland Council.

The Committee felt strongly that Cumberland Council had a Scrutiny Committee which scrutinised the budget as well as an Audit Committee.

RESOLVED - That the Key Audit Partner, Grant Thornton be thanked for their update.

The Meeting ended at: 10:57